



City of Norfolk

FY 2012 Community Outreach Program

Overview

The City of Norfolk values the priorities and comments of residents as a foundation for budget discussions. The City is committed to an open government that seeks input. To achieve this goal, the City is providing multiple forums for Employees and the Community to address the budget including:

- Three Employee Budget Forums
- Four Community Outreach Meetings
- A Budget Advisory Committee
- Series of Council Budget Work Sessions

As a backdrop for these discussions, this handout provides information on the budget principles and priorities, as well as the fiscal baseline for decision making.

Current City Vision

The City of Norfolk strives to be a national leader in the quality of life offered to all its residents. This is achieved through effective partnerships between city government and its constituents. As a result, Norfolk is a physically attractive, socially supportive, and financial sound city. Here, the sense of community is strong. Neighborhoods are designed so that people of all ages can know their neighbors and travel the streets and sidewalks in safety. The sense of community exists city-wide. Norfolk is known nationally as a strategic place where there are abundant and fulfilling employment, recreational and educational opportunities.



N O R F O L K

Life. Celebrated Daily.

Current City Priorities

- Community Building
 - Education
 - Public Accountability
 - Economic Development
 - Public Safety
 - Regional Partnerships
-

Budget Principles

The budget process rests on this principle:

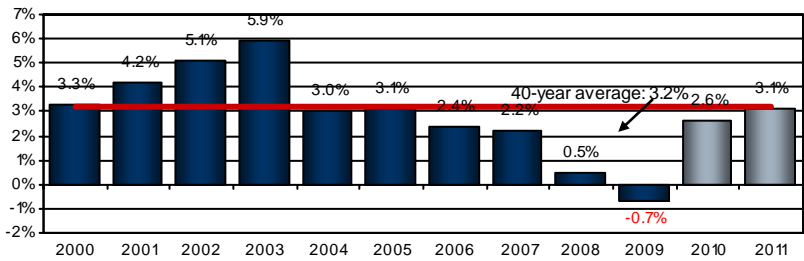
- **Establishing a Well-Managed Government:** Establishing a data-driven organization which provides effective and efficient City programs and services that are responsive, accountable, inclusive and customer focused.



Overview of the Regional Economy

- The Hampton Roads economy is projected to grow 3.1 % in 2011 and 2.6% in 2010, after declining 0.7% in 2009.
- The decline in 2009 was the first since 1975 and was the biggest decline in 40 years.
- The projected economic increase in 2011 is nearly at the regional 40-year average annual growth.
- The positive outlook for Hampton Roads is attributed to growth in defense spending, the port, health care, and tourism.
- The long-term outlook for the region will be determined by future growth of defense spending in the region.

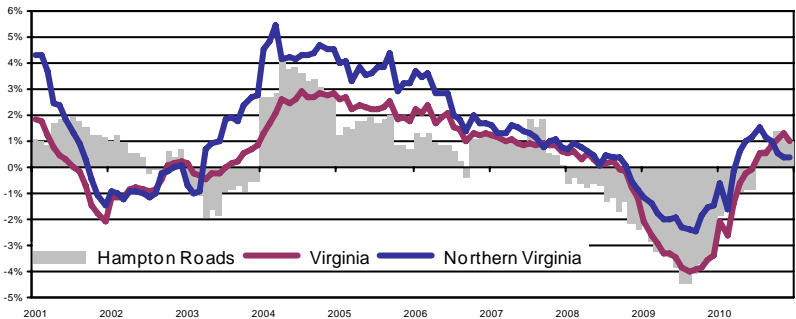
Estimated Growth of Hampton Roads Real Gross Regional Product (2000 - 2011)



Note: 2011 is projected; 2010 is estimated

- In December 2010, Hampton Roads added 7,100 jobs (1% increase) from 2009. This is the sixth consecutive month of year-over-year job growth in the region, which follows 30 consecutive months of year-over-year job losses.
- Hampton Roads job growth exceeded the year-over-year growth in Northern Virginia and mirrored the growth statewide in the past three months.

Job Growth in Virginia, Hampton Roads and Northern Virginia
(percent change in the number of jobs year-over-year)



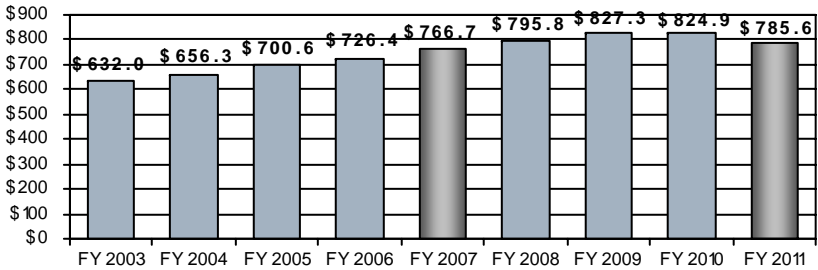
FY 2011 Budget Overview

In FY 2011, the City’s General Fund Approved Budget declined 4.8% from the prior year. This was the second consecutive decline and the steepest since FY 1992. The FY 2011 Approved Budget was also the lowest since 2007.

Key budget drivers include:

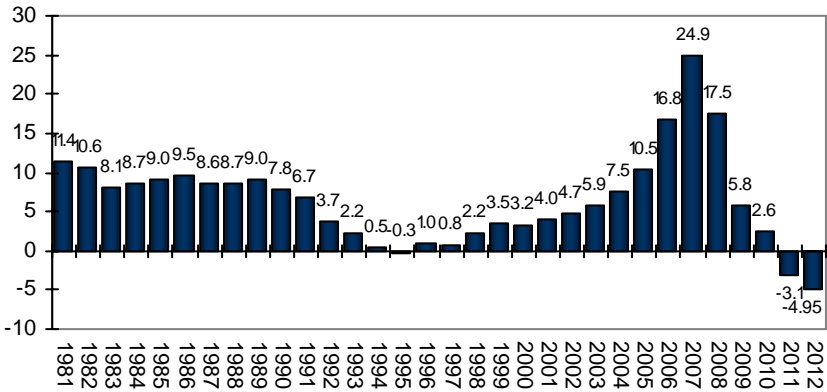
- Declining state and local revenues
 - Real estate assessments (overall) fell 3.1%, the first decline since 1995.
 - Revenue received from the Commonwealth was the lowest since FY 2005.

General Fund Approved Budget
(in million \$)



Annual Percentage Growth in Real Estate Assessments (fiscal year)

Due to the lag in property assessments vs. market activity, the decline in the housing market in 2009 was not reflected in real estate assessments until FY 2011. That lag continues into FY 2012. (FY 2012 number is projected)

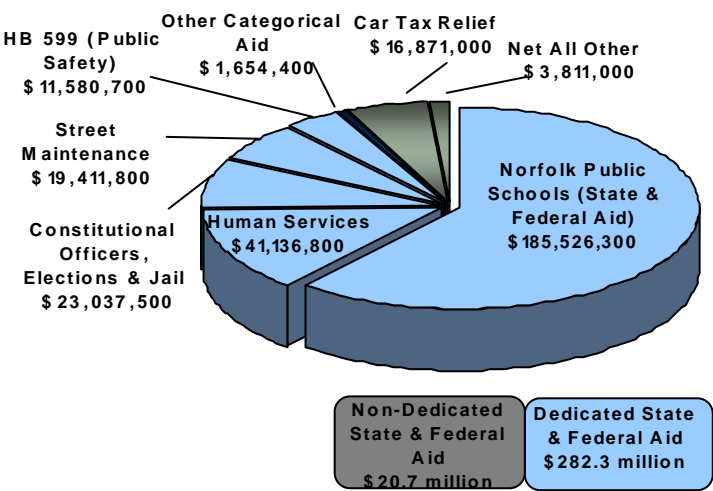


General Fund Revenue—Where does the money come from?

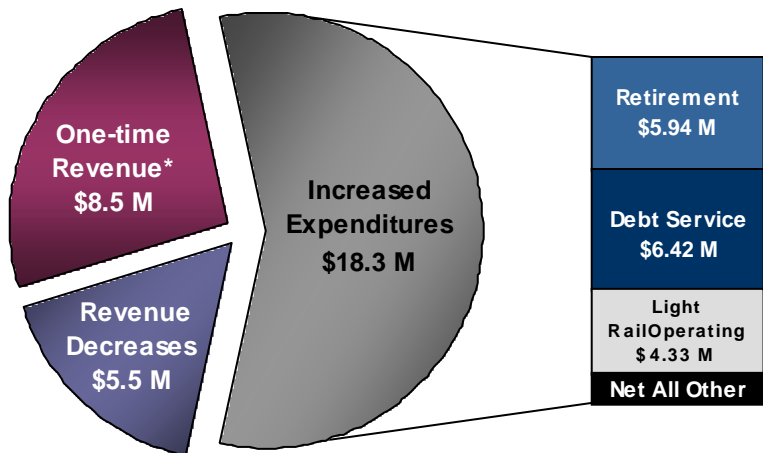


General Fund Dedicated Revenues

State and Federal Aid make up \$303 million or 38.6% of the FY 2011 General Fund budget, of which, \$282.3 million are dedicated for a specific purpose.



Preliminary FY 2012 General Fund Budget Gap ((\$32.3 million without Schools))

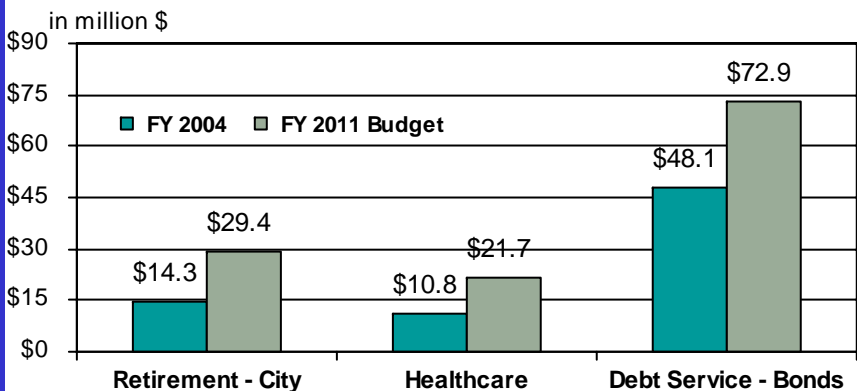


*One-time revenues are sources that were available only for FY 2011 and are not available again in FY 2012 (i.e. the Economic Downturn Reserve)

Increased Expenditures in the General Fund

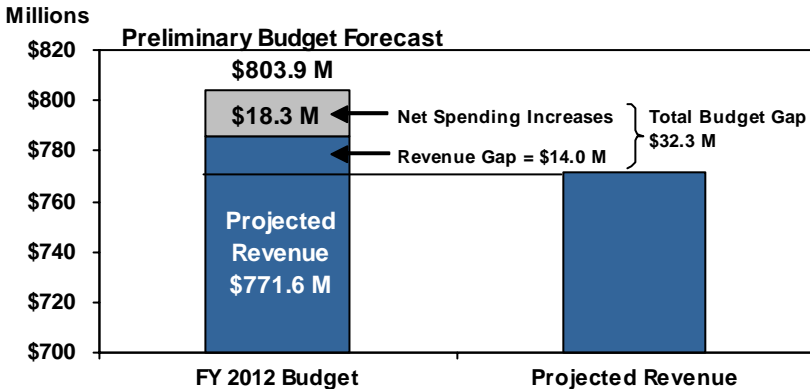
The City's retirement contribution and healthcare expenditures doubled over an 8-year period. Debt service payments on bonds increased by at least 50% over the same time period.

Key Budget Drivers - General Fund



Preliminary General Fund Budget Gap

In FY 2012, the general fund budget gap is estimated to be \$32.3 million. The estimate excludes the projected budget gap for Norfolk Public Schools (NPS). If NPS is included, the gap grows to \$53 million.



Building the FY 2012 Budget

Revenue Base	\$785,638,700
One-time revenues	(\$8,508,000)
Preliminary Real estate tax (current)	(\$4,575,000)
State Aid Reductions (HB599, Aid to Localities)	(\$1,955,800)
Net all other	\$1,019,800
Preliminary Revenue Forecast	\$771,619,700
Expenditure Base from FY 2011	\$785,638,700
Base Budget Adjustments	(\$5,438,300)
Healthcare, Debt, Retirement	\$14,965,800
Inflationary Increases (i.e. electricity, fuel)	\$1,355,000
Light Rail Operations	\$4,330,500
Operating Impact from new facilities	\$298,200
Pass through funds	\$936,700
New required spending (redistricting mailings, performance grants, mandated benefits)	\$1,858,100
Preliminary Expenditure Forecast	\$803,944,700
Preliminary Gap from FY 2011 Base	(\$32,325,000)

City Council

Paul D. Fraim
Mayor

Anthony L. Burfoot
Vice Mayor
Ward 3

Andrew A. Protopyrou
Ward 1

Dr. Theresa W. Whibley
Ward 2

Paul R. Riddick
Ward 4

Thomas R. Smigiel
Ward 5

Barclay C. Winn
Ward 6

Angelia M. Williams
Ward 7

Marcus D. Jones
City Manager

Budget Outreach Timeline

Date	Event
Tuesday, February 22	Community Conversation Granby High School, 6pm
Wednesday, February 23	Community Conversation, Pretlow Library, 6pm
Wednesday, March 2	Community Conversation, Campostella Elementary, 6pm
Thursday, March 10	Community Conversation, Maury High School, 6pm
February- March	Citizens' Budget Advisory Committee Meets

We look forward to your getting your input as part of the FY 2012 Budget Development process. Development of the budget requires an understanding of the priorities of the community, analysis of what the City can afford, and a focused allocation of our resources. The community outreach program provides specific opportunities for the City to listen and learn from the community.

**Please visit www.norfolk.gov to
view the FY 2011 Budget Book and
offer your comments using the
Community Input Form.**